



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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JAMES F. STAHL
Chief Engineer and General Manager

November 30, 2006

File: 31-150.13.10

Boards of Directors
County Sanitation Districts
Nos. 27 and 35 of Los Angeles County

Directors:

The consolidated agenda includes the following items for the regular meetings of the Boards of Directors of the Districts meeting Tuesday, December 12, 2006.

1. Approval of Minutes. Copies of the minutes have been provided to each of the Directors.
2. Approval of Departmental Invoices. A departmental invoice is an internal document that transfers each District's proportionate share of expenditures made by District No. 2, the administrative District, on behalf of the participating Districts in accordance with authority granted through joint agreements. During the month, charges are made to a clearing account which is administered by District No. 2 and then are distributed at month end according to said agreements.
3. Confirm Investment Policy and Renew Delegation of Authority to District Treasurer. In accordance with the California Government Code the District annually reviews its investment policy and delegation of authority to the District Treasurer (Chief Engineer and General Manager) to invest and reinvest District funds or to sell or exchange securities. A copy of the District investment policy is attached and no changes are being recommended. The matter has been discussed with the Personnel Committee, comprised of the Chairperson of each District Board, which unanimously recommended the proposed action.
4. Standard Specifications for Public Works Construction. The Standard Specifications for Public Works Construction, commonly known as the *Greenbook*, is written by a committee of contractors, utilities, and public agencies, including the Sanitation Districts. The 2006 edition, which replaces the 2003 edition, is now available. The new edition reflects editorial changes and updates construction specifications to meet current practices. The *District Amendments* address specific construction practices pertaining to wastewater and solid waste management projects as well as contractual provisions pertinent to District construction activity. The *Standard Drawings for Construction* contains details of items commonly used in District construction projects. It is recommended that the 2006 edition be adopted.
5. Adopt Resolution Supporting Continuation of the State Revolving Fund (SRF) Loan Program. The SRF Loan Program is a low interest loan program administered by the State for the construction of sewerage system facilities. Historically, the costs for administering this program have been funded using a small portion of the Federal seed money. The decrease in Federal contributions in recent years has reduced the amount of money available for the administration of the program, threatening its long-term viability. The proposed resolution urges the Governor to take all necessary steps to modify the program to provide

sufficient administrative funding and to continue this critical program for local wastewater infrastructure capital improvements. It is recommended that the proposed Resolution be adopted.

Yours very truly,



James F. Stahl

JFS:MAH:kc

Enclosures

cc: B. Richard Marsh
Susan Nissman
Paul Novak
Norm Hickling
Executive Office (8 copies, one for PRESS with minutes of 9/12/2006 meetings attached)

County Sanitation District No. ____*

of

Los Angeles County

***Same Policy for Districts Nos. 17, 27, and 35**

Investment Policy

Effective December 13, 2005, for Districts 27 & 35

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Investment Policy

County Sanitation District No. ____ of Los Angeles County

Policy Statement:

This investment policy of County Sanitation District No. ____ of Los Angeles County (District) provides for the prudent investment of the District's funds and the efficient management of investment activities. It is intended that this policy cover all investment activities under the direct control of the District.

Prudent Investor Standard:

This policy shall be implemented in accordance with the standard for governing bodies or persons authorized to make investment decisions on behalf of public bodies. This standard is set forth in Section 53600.3 of the Government Code which, effective January 1, 1997, provides in part:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

Authority:

By prior action of the District's Board of Directors the Chief Engineer and General Manager is the Fiscal Officer of the District and by this action is formally appointed Treasurer of the District. The District's Board of Directors hereby delegates to the Treasurer the authority to manage, deposit and invest District funds in accordance with this policy and all provisions of law. The District Treasurer shall develop procedures to fully implement this policy in accordance with this delegation of authority, and shall report to this Board in accordance with the requirements of law and this investment policy.

Investment Objectives:

This policy shall also be implemented in accordance with the legislative direction concerning objectives of a trustee. This standard is set forth in Section 53600.5 of the Government Code, which, effective January 1, 1997, provides in part:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.”

Safety of Principal: In safeguarding the principal of District funds the District Treasurer shall evaluate or cause to have evaluated each potential investment, seeking both quality in issuer and in underlying security or collateral, and shall diversify the portfolio to reduce exposure to loss.

Liquidity: In order to meet the District's liquidity needs, investments shall be made so that maturity dates are compatible with cash flow requirements, and when required, permit easy and rapid conversion into cash.

Return on Investments: Investments shall be undertaken to produce a market rate of return after first considering safety of principal and liquidity.

Investment Placement:

The District Treasurer will continue to invest District funds with the County of Los Angeles, both in the Pooled Surplus Investment Fund and in specific investments purchased through the Los Angeles County Treasurer, and also with the State of California Local Agency Investment Fund. The District Treasurer shall continuously evaluate the District's cash flow requirements and when it is determined that funds are available for longer term investments, the District Treasurer shall, after conferring with the Los Angeles County Treasurer, purchase specific investments through the Los Angeles County Treasurer consistent with the financial needs of the District.

Investment Safekeeping:

With respect to specific investments, to ensure a high degree of internal safety all certificates or other evidence of securities or other investments purchased for the District shall be held for safekeeping by the Los Angeles County Treasurer, in a manner that reflects the District's ownership.

Maximum Maturities:

The District Treasurer shall match investments with anticipated cash flow requirements. The District Treasurer will not invest in securities maturing more than five (5) years from the date of purchase unless approved by the District's Board of Directors, either specifically or as a part of an investment program, at least (3) months prior to purchase.

Reporting Requirements:

In accordance with Government Code Section 53646, the District Treasurer shall prepare and submit a quarterly report to the Board of Directors. The quarterly report shall comply with applicable law and shall in any event include the security type, issuer, investment yield, date of maturity, par value, amount invested, current market value and source of this valuation. Any investments in state or local county pools will be included with a summary of its most recent investment statement.

Internal Control:

In addition to the certified public accountant's yearly independent audit of the District, quarterly audits of the investment portfolio shall be conducted by the District's Chief Accountant to ensure compliance with the investment policy and procedures provided for hereby.

Investment Policy Adoption:

This policy shall be reviewed on an annual basis and any modifications made thereto shall be approved by the District's Board of Directors. Prior to such review, the matter will be referred to the Personnel Committee (comprised of the Chairperson of each Board) for its consideration.

Adopted this _____ day of _____ .

RESOLUTION SUPPORTING CONTINUATION OF THE
STATE REVOLVING FUND LOAN PROGRAM

WHEREAS, the State Water Resources Control Board (SWRCB) manages a low-interest loan program known as the Clean Water State Revolving Fund Loan Program (SRF Program) that makes funds available to cities, counties, and special districts for the construction of wastewater conveyance, wastewater treatment, and water recycling facilities in a timely fashion and with a reduced interest rate; and

WHEREAS, the SRF Program has received an annual infusion of funds from the United States Environmental Protection Agency (USEPA), four percent (4%) of which can be used to cover administrative expenses; and

WHEREAS, reductions in the annual contributions from the USEPA have reduced the amount of funding available for administration of the SRF Program, jeopardizing the ability of the SWRCB to effectively manage the SRF Program and harming the SWRCB's ability to issue additional revenue bonds for funding the SRF Program, further hindering its effectiveness; and

WHEREAS, the State's Regional Water Quality Control Boards have established more stringent permit requirements for the protection of water quality and imposed time limits for complying with those requirements with the goal of protecting the State's water and environmental resources and providing for their sustainability; and

WHEREAS, compliance with these stringent permit requirements necessitates the construction of significant capital facilities that provide a higher level of treatment; and

WHEREAS, existing sewers and other wastewater infrastructure throughout California are in need of significant repairs; and

WHEREAS, the lack of available funding under the SRF Program will cause a delay in the construction of these vital infrastructure facilities, resulting in the possible degradation of the State's water and environmental resources and adverse impacts on the economy; and

WHEREAS, the uninterrupted continuation of the SRF Program will greatly help cities, counties, and special districts throughout the State to further environmental protection, safeguard public health, and provide for needed infrastructure.

NOW THEREFORE, BE IT RESOLVED, the Boards of Directors of the County Sanitation Districts of Los Angeles County request the Governor to take all steps necessary to insure adequate funding for the continued administration of the SRF Program and direct the Districts' Chief Engineer and General Manager to meet with SWRCB staff, as necessary, to develop, support, and implement solutions to this funding crisis.

Notice and Agenda

REGULAR MEETING — BOARD OF DIRECTORS — COUNTY SANITATION DISTRICTS
NOS. 27 AND 35

To be held in the HEARING ROOM
OF THE BOARD OF SUPERVISORS
Kenneth Hahn Hall of Administration, Los Angeles, California

TUESDAY	December 12, 2006	At 9:30 A.M.
BRATHWAITE BURKE	KNABE	ANTONOVICH
		(Chairperson)
		MOLINA
		YAROSLAVSKY

1. Recommendation: Approve minutes of the regular meetings held September 12, 2006 (both Districts).

2. Recommendation: Approve departmental invoices as follows:

	<u>August</u>	<u>September</u>	<u>October</u>
District 27 (3)	\$4,261.87	\$4,513.85	\$4,479.25
District 35 (5)	275.42	309.03	303.86

3. Recommendation: Approve Investment Policy and Renew Delegation of Authority to District Treasurer.

Summary: In accordance with the California Government Code the District annually reviews its investment policy and delegation of authority to the District Treasurer (Chief Engineer and General Manager) to invest and reinvest District funds or to sell or exchange securities. A copy of the District investment policy is attached and no changes are being recommended. The matter has been discussed with the Personnel Committee, comprised of the Chairperson of each District Board, which unanimously recommended the proposed action.

4. Recommendation: Adopt *Standard Specifications for Public Works Construction, 2006 Edition*, the *District Amendments* thereto, and *Standard Drawings for Construction* dated December 2006 (both Districts).

Summary: The Standard Specifications for Public Works Construction, commonly known as the *Greenbook*, is written by a committee of contractors, utilities, and public agencies, including the Sanitation Districts. The 2006 edition, which replaces the 2003 edition, is now available. The new edition reflects editorial changes and updates construction specifications to meet current practices. The *District Amendments* address specific construction practices pertaining to wastewater and solid waste management projects as well as contractual provisions pertinent to District construction activity. The *Standard Drawings for Construction* contains details of items commonly used in District construction projects. It is recommended that the 2006 edition be adopted.

5. Recommendation: Adopt *Resolution Supporting Continuation of the State Revolving Fund (SRF) Loan Program* (both Districts).

Summary: The SRF Loan Program is a low interest loan program administered by the State for the construction of sewerage system facilities. Historically, the costs for administering this program have been funded using a small portion of the Federal seed money. The decrease in Federal contributions in recent years has reduced the amount of money available for the administration of the program, threatening its long-term viability. The proposed resolution urges the Governor to take all necessary steps to modify the program to provide sufficient administrative funding and to continue this critical program for local wastewater infrastructure capital improvements.

Adjourn

DISTS. 27 AND 35

DECEMBER 12, 2006

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
DEPARTMENTAL INVOICE
FOR THE MONTH ENDED 08/31/06

To: County Sanitation District No. 27
(Org. Receiving Services)

Date Service Accrued: Aug. 31, 2006

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: Sept. 21, 2006

DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	4,225.83
Joint Administration - Capital		36.04

Total of all charges	\$	<u>4,261.87</u>
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Recap 014

Document No. 96

Date Board Approved: _____

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

DEPARTMENTAL INVOICE

FOR THE MONTH ENDED 08/31/06

To: County Sanitation District No. 35
(Org. Receiving Services)

Date Service Accrued: Aug. 31, 2006

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: Sept. 21, 2006

DESCRIPTION

District No. 35 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	239.40
Joint Administration - Capital		36.02

Total of all charges	\$	<u>275.42</u>
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Recap 014

Document No. 102

Date Board Approved: _____

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
DEPARTMENTAL INVOICE
FOR THE MONTH ENDED 09/30/06

To: County Sanitation District No. 27
(Org. Receiving Services)

Date Service Accrued: Sep. 30, 2006

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: Oct. 18, 2006

DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	4,440.19
Joint Administration - Capital		73.66

Total of all charges	\$	<u>4,513.85</u>
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Recap 021

Document No. 135

Date Board Approved: _____

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

DEPARTMENTAL INVOICE

FOR THE MONTH ENDED 09/30/06

To: County Sanitation District No. 35
(Org. Receiving Services)

Date Service Accrued: Sep. 30, 2006

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: Oct. 18, 2006

DESCRIPTION

District No. 35 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	235.38
Joint Administration - Capital		73.65

Total of all charges	\$	<u>309.03</u>
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Recap 021

Document No. 141

Date Board Approved: _____

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

DEPARTMENTAL INVOICE

FOR THE MONTH ENDED 10/31/06

To: County Sanitation District No. 27
(Org. Receiving Services)

Date Service Accrued: Oct. 31, 2006

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: Nov. 7, 2006

DESCRIPTION

District No. 27 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	4,403.77
Joint Administration - Capital		69.61
Local - Capital		5.87

Total of all charges	\$	<u>4,479.25</u>
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Recap 028

Document No. 56

Date Board Approved: _____

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
DEPARTMENTAL INVOICE
FOR THE MONTH ENDED 10/31/06

To: County Sanitation District No. 35
(Org. Receiving Services)

Date Service Accrued: Oct. 31, 2006

From: County Sanitation District No. 2
(Org. Providing Services)

Date Prepared: Nov. 7, 2006

DESCRIPTION

District No. 35 share of expenditures made by District No. 2, the administrative District, in accordance with the authority granted through the approved annual budget and applicable Joint Powers Agreement:

DEBIT:

Operation & Maintenance	\$	234.18
Joint Administration - Capital		69.68

Total of all charges	\$	<u>303.86</u>
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Recap 028

Document No. 62

Date Board Approved: _____